Postsecondary Education
Kentucky Higher Education Assistance Authority

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	86,233,500	216,242,600	221,733,000	168,524,300	175,714,600
Continuing Appropriation	356,400				
Reorganization Adjustments	69,525,000				
Other	5,625,000				
Total General Fund	161,739,900	216,242,600	221,733,000	168,524,300	175,714,600
Tobacco Settlement-Phase I					
Tobacco Settlement - I	900,000	800,000	900,000	800,000	900,000
Continuing Appropriation	63,700				
Total Tobacco Settlement-Phase I	963,700	800,000	900,000	800,000	900,000
Restricted Funds					
Balance Forward	2,870,700	618,000	117,200	236,700	
Current Receipts	23,452,400	22,909,600	23,350,400	23,323,600	24,427,900
Non-Revenue Receipts	10,561,700	16,333,900	14,737,600	15,484,200	11,791,400
Total Restricted Funds	36,884,800	39,861,500	38,205,200	39,044,500	36,219,300
Federal Funds					
Current Receipts	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000
Total Federal Funds	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000
TOTAL SOURCE OF FUNDS	201,314,400	258,630,100	262,564,200	210,094,800	214,559,900
EXPENDITURES BY CLASS					
Personnel Cost	12,766,700	13,666,100	14,107,800	13,310,700	13,557,500
Operating Expenses	3,520,800	3,515,500	3,513,600	3,515,500	3,513,600
Grants, Loans or Benefits	184,006,600	240,550,700	244,161,200	192,488,000	196,707,200
Debt Service	746,600	743,600	744,600	743,600	744,600
Capital Outlay	37,000	37,000	37,000	37,000	37,000
TOTAL EXPENDITURES	201,077,700	258,512,900	262,564,200	210,094,800	214,559,900
EXPENDITURES BY FUND SOURCE					
General Fund	161,739,900	216,242,600	221,733,000	168,524,300	175,714,600
Tobacco Settlement-Phase I	963,700	800,000	900,000	800,000	900,000
Restricted Funds	36,648,100	39,744,300	38,205,200	39,044,500	36,219,300
Federal Funds	1,726,000	1,726,000	1,726,000	1,726,000	1,726,000
TOTAL EXPENDITURES	201,077,700	258,512,900	262,564,200	210,094,800	214,559,900
EXPENDITURES BY UNIT					
General Administration and Support	16,229,700	17,105,300	17,538,100	16,765,100	17,004,500
College Access Program	58,029,100	106,775,400	109,705,400	64,585,800	66,220,000
Work Study Program	900,000	900,000	900,000	900,000	900,000
Kentucky Tuition Grant	29,734,500	38,561,900	38,427,900	29,170,100	30,085,900
Teacher Scholarships	2,386,200	2,386,200	2,386,200	2,386,200	2,249,700
Ky National Guard Tuition	4,358,100	25,000	25,000	4,500,000	5,220,000
Osteopathic Medicine Scholarship	1,318,500	772,600	678,800	1,024,300	1,024,300
Ky Educational Excellence Scholarships	85,334,400	88,034,100	88,911,100	88,034,100	88,911,100
Early Childhood Development Scholarships	992,100	1,127,500	1,158,800	933,800	942,500
Kentucky's Affordable Prepaid Tuition (KAPT)	841,400	856,900	864,900	841,700	848,200
Robert C Byrd Honors Scholarship	568,000	568,000	568,000	568,000	568,000
Mary Jo Young Scholarship	385,700	400,000	400,000	385,700	385,700
Go Higher Grant Program		1,000,000	1,000,000		200,000

Policy

In fiscal year 2007, $162,500,000 and in fiscal year 2008, $167,500,000, from lottery revenues are directed to student financial aid. Need based aid programs will receive $89,375,000 in fiscal year 2007 and $92,125,000 in fiscal year 2008. The KEES program will receive $73,125,000 in fiscal year 2007 and $75,375,000 in fiscal year 2008.

Included in the General Fund appropriation for KHEAA is an additional $5,000,000 in fiscal year 2007 and $5,000,000 in fiscal year 2008 for the College Access Program and in the Go Higher Grant Program. This initiative is specifically targeted for need-based scholarships for students from coal producing counties. The student population served will include undergraduate postsecondary students (traditional and non-traditional, full-time and part-time) attending public and private colleges and universities, technical colleges, and vocational training institutions in Kentucky. The program shall be funded utilizing coal severance dollars transferred from the Local Government Economic Development Fund. Funds will be distributed each year until exhausted. It is estimated that the available funding will ensure that virtually all needy applicants residing in Kentucky's 39 coal counties who would apply for financial aid would receive an award.

Included in the General Fund for the College Access Program (CAP) is $58,427,800 in fiscal year 2007 and in fiscal year 2008, $60,262,000. Included in the federal funds for CAP is $1,158,000 for fiscal years 2006-2008.

Included in the General Fund for the Kentucky Tuition Grant (KTG) program is $29,170,100 in fiscal year 2007 and in fiscal year 2008, $30,085,900.

Included in the General Fund for the Kentucky Educational Excellence Scholarships (KEES) is $73,125,000 in fiscal year 2006-2007 and $75,375,000 in fiscal year 2007-2008 from net lottery receipts. An additional $2,190,300 is provided in fiscal year 2007-2008 from the General Fund since the lottery funds are estimated to be insufficient to fully fund the program. Included in the above Restricted Funds appropriation for KEES is $14,909,100 in fiscal year 2006-2007 and $11,345,800 in fiscal year 2007-2008 mainly from unclaimed lottery prize funds for a total KEES budget of $88,013,100 in fiscal year 2007 and $88,911,100 in fiscal year 2008.

Included in the General Fund for the Teacher Scholarship Program is $1,777,100 in each fiscal year of the 2006-2008 biennium, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for the Teacher Scholarship Program is $609,100 in fiscal year 2007 and $472,600 in fiscal year 2008.

The Executive Budget recommendation includes full funding for the National Guard Tuition Assistance Program. The Kentucky Higher Education Student Loan Corporation will provide Restricted Funds up to $4,500,000 in fiscal year 2007 and $5,220,000 in fiscal year 2008 that will pay the tuition of 2000 applicants in each year of the biennium.

Included in the General Fund for the Osteopathic Medicine Scholarships are $1,024,300 in fiscal year 2007 and an additional $1,024,300 in fiscal year 2008.

Included in the General Fund appropriation is $800,000 in fiscal year 2007 and $900,000 in fiscal year 2008 from Tobacco Settlement Funds in each year of the biennium for Early Childhood Development Scholarships.

TOTAL EXPENDITURES	201,077,700	258,512,900	262,564,200	210,094,800	214,559,900

The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career objectives as provided under KRS 164.740 - 164.785.

KHEAA administers state grants, work study, scholarships, and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information. The agency provides administrative services at no cost to the Kentucky Department of Education for its Occupational/Physical Therapy Incentive program and to the Kentucky National Guard for its Tuition Assistance Program.

Lottery Funds for Student Financial Aid
All of the lottery funds, net of $3,000,000 provided for literacy development programs, are devoted to student financial aid. KRS 154A.130(4) directs 55 percent to the needs-based student financial aid programs, and 45 percent to the Kentucky Educational Excellence Scholarship (KEES) program. Fiscal year 2006 was the first year, by statute, when 100 percent of the net lottery revenues were devoted to student financial aid programs. The Executive Budget for 2006-2008 continues the budgetary policy of fully complying with that statutory direction.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

The College Access Program (CAP) awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant (KTG) program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 24 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The KEES program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score attained by their high school graduation date. The scholarships can be used to pay the expenses of each year of college or technical training. Effective March, 2005 as a result of passage of House Bill 460, the administrative responsibility of the Kentucky Education Excellence Scholarship program was transferred from the Council on Postsecondary Education to the Kentucky Higher Education Assistance Authority.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Work-Study program allows students to work and earn funds to apply toward college expenses while gaining valuable career related work experience.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who choose to attend a Kentucky school of osteopathic medicine rather than a state medical school. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Robert C. Byrd Honors Scholarship program is a federally-funded merit-based program that awards scholarships to qualified high school seniors and GED recipients who demonstrate outstanding academic achievement.